



Iowa Department of Human Services

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INFORMATIONAL LETTER NO.1859-MC-FFS

DATE: November 21, 2017

TO: Iowa Medicaid Hospitals (excluding Critical Access Hospitals), Physicians, Physical Therapists, Independent Speech Pathologists, Occupational Therapists and Rehabilitation Agency Providers

APPLIES TO: Managed Care (MC) and Fee-for-Service (FFS)

FROM: Iowa Department of Human Services (DHS), Iowa Medicaid Enterprise (IME)

RE: Multiple Procedure Payment Reduction (MPPR) for Therapy Claims-Increased Payment Reduction and Change in Payment Methodology

EFFECTIVE: January 1, 2018

*****This letter replaces Informational Letter No.1052 issued September 13, 2011*****

To be consistent with Medicare and the Iowa Medicaid Managed Care Organizations (MCOs), the Iowa Medicaid FFS program will increase the reduction percentage for MPPR for therapy claims from the current 10 percent to 50 percent and involve a change in payment methodology.

The IME will apply an increased percentage reduction for multiple procedure payment reduction on certain therapy services when performed by the same group physician and/or other health care professional, regardless of specialty, on the same date of service. Please note the IME currently applies the reduction to the Medicaid fee schedule amounts. In compliance with Medicare, the IME will change the current reduction methodology and apply the payment reduction to the Practice Expense (PE) component. The following payment reduction methodology will apply as defined by Medicare:

Many therapy services are time-based codes, i.e., multiple units may be billed for a single procedure. The MPPR applies to the PE payment when more than one unit or procedure is provided to the same member on the same day. Full payment is made for the unit or procedure with the highest PE Relative Value Units (RVU). Effective for claims with dates of service on or after January 1, 2018, full payment is made for work and malpractice and the one unit or procedure with the highest PE and 50 percent payment is made for the PE for subsequent units and procedures, furnished to the same member on the same day.

For therapy services furnished by a group practice or "incident to" a physician's service, the MPPR applies to all services furnished to a member on the same day, regardless of whether the services are provided in one therapy discipline or multiple disciplines, e.g., Physical Therapy (PT), Occupational Therapy (OT), or Speech-Language Pathology (SLP).

The reduction applies to the Healthcare Common Procedure Coding System (HCPCS) codes contained on the list of “always therapy” services when performed by the same group physician and/or other health care professional, regardless of specialty. The list of “always therapy” procedure codes subject to the MPPR are outlined in Informational Letters [1752-MC-FFS](#)¹ and [1781-MC-FFS](#)².

For professional claims, the MPPR applies to the procedures with a Multiple Procedure (Field 21) value of “5” on the Medicare Fee Schedule Database (MFSDB). For institutional claims, the MPPR applies to procedures with a Multiple Services Indicator (field labeled MULTSURG) value of “5” on the therapy abstract file. Note that these services are paid with a non-facility PE. The current and revised payments are shown in the example in the following table:

	Procedure 1 Unit 1	Procedure 1 Unit 2	Procedure 2	Total Current Payment	Revised Total Payment	Revised Payment Calculation
Work	\$7.00	\$7.00	\$11.00	\$25.00	\$25.00	no reduction
PE	\$10.00	\$10.00	\$8.00	\$23.50	\$19.00	$\$10 + (.50 \times \$10) + (.50 \times \$8)$
MP	\$1.00	\$1.00	\$1.00	\$3.00	\$3.00	no reduction
Total	\$18.00	\$18.00	\$20.00	\$51.50	\$47.00	$\$18 + (\$18 - (.50 \times \$10)) + (\$20 - (.50 \times \$8))$

The IME appreciates your continued partnership as we work to improve the claim processing service quality and accuracy. If you have questions, please contact the IME Provider Services Unit at 1-800-338-7909 or email at imeproviderservices@dhs.state.ia.us.

¹ https://dhs.iowa.gov/sites/default/files/1752-MC-FFS_MultipleProcedurePaymentReductionsforTherapyClaims.pdf

² https://dhs.iowa.gov/sites/default/files/1781-MC-FFS_MultipleProcedurePaymentReductionsforTherapyClaims.pdf